

## **FAQ's and Scope of Coastal's Potential MAP Policy**

### **Does this mean that Coastal Pet Products tells me what price to sell the product?**

Coastal Pet Products is in no way referencing or defining what price our customers actually sell our items. Our intention is strictly to enforce a minimum **advertised** price. This simply requires that all resellers of our items do not advertise our products below the defined minimum advertised price in any electronic form. Promotional vehicles used to discount the product at the point of sales are acceptable in accordance with the approved methods referenced in Coastal's formal Electronic Minimum Advertised Price Policy.

### **Does this policy also apply to advertising pricing in-store and printed material?**

Coastal's EMAP policy is intended to only track and report on electronic advertised pricing. Therefore physical store advertisements, in-store circulars and print ads are not subject to this policy. However if the reseller in question has a brick and mortar location and an Ecommerce platform, the advertised price on their website will be subject to monitoring and enforcement.

### **What happens if a MAP violation email is received?**

Under our proposed monitoring policy, Coastal Pet Products will send the violator an email notification with evidence of the violation. Our compliance team will document this violation. The violator will enter the "Three Strike" notification and enforcement policy. The first notification is simply a warning to the violator in question. The violator is required to correct the pricing on the items in question within three business days of receiving the initial notification. Failure to do so will move the reseller of the items into the strike system and they will be subject to discontinued sale of the product(s) and brand in question.

### **How long to I have to correct my pricing when I receive a notification email?**

Depending on which strike email the reseller received, the timing to correct the advertised price online varies between 3 days (for the initial warning email) to 2 days for all corresponding violations and strike emails.

### **If there are multiple violations, will Coastal Pet Products take further action?**

As part of the proposed Three Strike policy, Coastal Pet Products will discontinue sale of the product being advertised below the minimum advertised price to any reseller who violates the EMAP policy. Product suspensions can be escalated from 30 days from the first violation, 90 days for the second and

indefinitely for three violations or more violations. For repeat offenders, Coastal may suspend the reseller account indefinitely.

**Will Coastal Enforce this and cut off resellers at the item level?**

Coastal Pet products will be distributing a list of all items covered under the 2017 EMAP policy. These items are grouped by brand. There are currently two brands covered under the policy; Coastal & Bergan brands. If a reseller violates any one item and progresses into the strike system where they are facing discontinued sale of the product, all corresponding products covered under the policy and in the same brand will also be cut off to the violator in question.

*Example:*

*Reseller A violates the 88415 ASTCAT; Bergan Mega Turbo Cat Toy.*

*Although this reseller only violated one item, they will be cut off on all items within the Bergan brand that are covered under the EMAP policy.*

**How will Coastal track the EMAP to ensure that everyone is playing by the same rules?**

Coastal Pet Products will have dedicated personnel who are tasked with monitoring pricing in the market. Additionally Coastal will be utilizing software, which scans the Internet providing us with real-time feedback of market pricing, violations, and contact information to notify the violating party and corrective action tools to eliminate further violations.

**Will the EMAP price be subject to change? If so, how often will the pricing need to be updated?**

As market conditions fluctuate, pricing will need to be re-evaluated on a predetermined schedule to adjust for economic factors. However Coastal Pet Products understands that this requires maintenance on your side to adjust your pricing at the store level and via various promotional methods (print & digital advertisements). Coastal will distribute a revised EMAP list twice each calendar year with a 30-day notice on the items affected by the policy.

*\*\*Coastal Pet Products may need to make adjustments to pricing outside of this timeframe if necessitated by market conditions and external factors. \*\**

**Will the list of the items included in the MAP policy be subject to change?**

Under the proposed policy, Coastal Pet Products will modify the list of affected items typically at the beginning of each calendar year. If modifications are made to the list of items covered under the EMAP policy, Coastal will notify all authorized resellers 30 days prior to enforcement on the new items in

question. Occasionally, revisions will need to be made to the list of affected items outside the typical timeframe, however the same notifications and timing mentioned above would apply.

**How does EMAP impact distributors carrying products covered under Coastal's EMAP policy?**

All resellers of Coastal Pet Products are required to follow the EMAP policy and failure to do so will result in the reseller in question moving from a status of authorized to unauthorized and moving into the three-strike system. Once a reseller has been qualified as unauthorized, they are placed on a "Do Not Sell" list, which will be sent to distributors of our product. Coastal asks for the cooperation and assistance in identifying any resellers on the "Do Not Sell" list and discontinuing sale of our items to the resellers in question. This "Do Not Sell" list will be posted on our website in addition to being circulated to all Coastal customers to ensure that all resellers are not actively selling to the unauthorized resellers in question.